

AT&T INC.
 Form 424B2
 September 07, 2018
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Filed pursuant to Rule 424(b)(2)

SEC File No. 333-209718

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered	Maximum	Proposed Maximum	Amount of Registration Fee (1)(2)
		Offering Price Per Unit	Aggregate Offering Price	
2.900% Global Notes due 2026	\$972,000,000	99.687%	\$968,957,640	\$120,635.23

(1) Pursuant to Rule 457(r), the total registration fee for this offering is \$120,635.23. Amount to be Registered is based on the September 6, 2018 GBP/U.S.\$ exchange rate of £1/U.S.\$1.296.

(2) A filing fee of \$120,635.23 is being paid in connection with this offering.

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Prospectus Supplement

September 6, 2018

(To Prospectus dated February 25, 2016)

£750,000,000

AT&T Inc.

£750,000,000 2.900% Global Notes due 2026

We will pay interest on the 2.900% Global Notes due 2026 (the Notes), on December 4 of each year, commencing on December 4, 2018 (short first coupon). The Notes will mature on December 4, 2026.

We may redeem some or all of the Notes at any time and from time to time at the prices and at the times indicated under the heading Description of the Notes The Notes Optional Redemption beginning on page S-6 of this prospectus supplement. The Notes will be issued in minimum denominations of £100,000 and integral multiples of £1,000 in excess thereof.

See Risk Factors beginning on page 37 of our 2017 Annual Report to Stockholders, portions of which are filed as Exhibit 13 to our Annual Report on Form 10-K for the fiscal year ended December 31, 2017 and Risk Factors beginning on page 69 of our Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2018, which are incorporated by reference herein, to read about factors you should consider before investing in the Notes.

The Notes are new issues of securities with no established trading market. We intend to apply to list the Notes on the New York Stock Exchange. We expect trading in the Notes on the New York Stock Exchange to begin within 30 days after the original issue date. Currently there is no public market for the Notes.

Neither the Securities and Exchange Commission nor any other regulatory body has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus supplement or the accompanying prospectus. Any representation to the contrary is a criminal offense.

Total

	Per Note	
Initial public offering price	99.687%	£ 747,652,500
Underwriting discount	0.360%	£ 2,700,000
Proceeds, before expenses, to AT&T (1)	99.327%	£ 744,952,500

(1) The underwriters have agreed to reimburse us for certain of our expenses. See Underwriting. The initial public offering price set forth above does not include accrued interest, if any. Interest on the Notes will accrue from September 11, 2018.

The underwriters expect to deliver the Notes in book-entry form only through the facilities of Clearstream Banking S.A. and Euroclear Bank S.A./N.V. against payment in New York, New York on September 11, 2018.

Joint Book-Running Managers

Barclays

Credit Suisse

RBC Capital Markets

Banco Bilbao Vizcaya Argentaria, S.A.

SMBC Nikko

Société Générale Corporate & Investment Banking

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We have not, and the underwriters have not, authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, we take no responsibility for, nor can we provide any assurance as to the reliability of, any other information that others may give you. We are not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus supplement and the accompanying prospectus, as well as information we previously filed with the Securities and Exchange Commission and incorporated by reference, is accurate as of their respective dates. Our business, financial condition, results of operations and prospects may have changed since those dates.

The Notes are offered globally for sale in those jurisdictions in the United States, Canada, Europe, Asia and elsewhere where it is lawful to make such offers.

References herein to \$ and dollars are to the currency of the United States. References to £ and GBP are to the lawful currency of the United Kingdom. The financial information presented in this prospectus supplement has been prepared in accordance with generally accepted accounting principles in the United States.

MiFID II Product Governance / Professional investors and ECPs only target market Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, "MiFID II"); and (ii) all channels for distribution of the notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "distributor") should take into consideration the manufacturer's target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the notes (by either adopting or refining the manufacturer's target market assessment) and determining appropriate distribution channels.

PRIIPs Regulation / Prohibition of sales to EEA retail investors The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("EEA"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive 2002/92/EC (as amended, the "Insurance Mediation Directive"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "PRIIPs Regulation") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

In connection with the issue of the Notes, Barclays Bank PLC as Stabilizing Manager (or persons acting on its behalf) may over-allot the Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilizing Manager (or persons acting on its behalf) will undertake stabilization action. Any stabilization action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the Notes and 60 days after the date of the allotment of the Notes.

To the extent there is a conflict between the information contained in this prospectus supplement, on the one hand, and the information contained in the accompanying prospectus, on the other hand, the information contained in this prospectus supplement shall control. If any statement in this prospectus supplement conflicts with any statement in a document which we have incorporated by reference, then you should consider only the statement in the more recent

document.

In this prospectus supplement, we, our, us and AT&T refer to AT&T Inc. and its consolidated subsidiaries.

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SUMMARY OF THE NOTES OFFERING

Issuer	AT&T Inc.
Securities Offered	£750,000,000 aggregate principal amount of 2.900% Global Notes due 2026 (the Notes).
Maturity Date	December 4, 2026, at par.
Interest Rate	The Notes will bear interest from September 11, 2018 at the rate of 2.900% per annum, payable annually in arrears.
Interest Payment Date	December 4 of each year, commencing on December 4, 2018 (short first coupon).
Optional Redemption	<p>At any time prior to September 4, 2026, the Notes may be redeemed as a whole or in part, at our option, at any time and from time to time on at least 30 days, but not more than 60 days prior notice, at a make-whole call equal to the greater of (i) 100% of the principal amount of the Notes to be redeemed or (ii) the sum of the present values of the remaining scheduled payments of principal and interest discounted to the redemption date, on an annual basis (ACTUAL/ACTUAL (ICMA)), at a rate equal to the sum of the Treasury Rate plus 25 basis points, calculated by AT&T. At any time on or after September 4, 2026, the Notes may be redeemed as a whole or in part, at our option, at any time and from time to time on at least 30 days, but not more than 60 days prior notice, at a redemption price equal to 100% of the principal amount of the Notes to be redeemed. In each case, accrued but unpaid interest will be payable to the redemption date.</p> <p>See Description of the Notes The Notes Optional Redemption.</p> <p>The Notes are also redeemable at our option in connection with certain tax events. See Description of the Notes Redemption Upon a Tax Event.</p>
ISIN	XS1879223565

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Currency of Payment	Investors will have to pay for the Notes in GBP. See Foreign Exchange Risks.
Markets	The Notes are offered for sale in those jurisdictions in the United States, Canada, Europe, Asia and elsewhere where it is legal to make such offers. See Underwriting.
Listing	We intend to apply to list the Notes on the New York Stock Exchange.
Form/Clearing Systems	The Notes will be issued only in registered, book-entry form. There will be a Global Note deposited with a common depository for Euroclear Bank S.A./N.V. and Clearstream Banking S.A. for the Notes.
Governing Law	The Notes will be governed by the laws of the State of New York.

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USE OF PROCEEDS

The net proceeds to AT&T from the Notes offering will be approximately £744,952,500, after deducting the underwriting discount and our estimated offering expenses, net of reimbursement from the underwriters. These proceeds will be used for general corporate purposes.

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The following table sets forth the capitalization of AT&T as of June 30, 2018 and as adjusted solely to reflect the issuance of (i) £750,000,000 (approximately \$972,000,000 based on the September 6, 2018 exchange rate of £1/U.S.\$1.296) of the Notes and the application of the net proceeds as described under "Use of Proceeds" above assuming that all of the net proceeds from the sale of the Notes would be used for general corporate purposes; (ii) \$825,000,000 of AT&T's 5.625% Global Notes due 2067; (iii) 2,250,000,000 (approximately \$2,636,550,000 based on the July 30, 2018 exchange rate of 1/£U.S.\$1.1718) of AT&T's Floating Rate Global Notes due 2020; (iv) CAD\$1,250,000,000 (approximately \$960,135,187.03 based on the August 8, 2018 exchange rate of CAD\$1.3019/U.S.\$1) of AT&T's 4.000% Global Notes due 2025; (v) CAD\$750,000,000 (approximately \$576,081,112.22 based on the August 8, 2018 exchange rate of CAD\$1.3019/U.S.\$1) of AT&T's 5.100% Global Notes due 2048 and (vi) \$3,750,000,000 of AT&T's Floating Rate Global Notes due 2024 issued subsequent to June 30, 2018. AT&T's total capital consists of debt (long-term debt and debt maturing within one year) and stockholders' equity.

	As of June 30, 2018	
	Actual	As Adjusted
	(Unaudited)	
	(In millions)	
Long-term debt	\$ 168,495	\$ 178,215
Debt maturing within one year (1)	21,672	21,672
Stockholders' equity:		
Common shares (\$1 par value, 14,000,000,000 authorized)	7,621	7,621
Capital in excess of par value	125,960	125,960
Retained earnings	56,555	56,555
Treasury shares (360,993,619 at cost)	(12,872)	(12,872)
Other adjustments	6,866	6,866
Stockholders' equity	\$ 184,130	\$ 184,130
Total Capitalization	\$ 374,297	\$ 384,017

(1) Debt maturing within one year consists of the current portion of long-term debt and commercial paper and other short-term borrowings.

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FOREIGN EXCHANGE RISKS

Investors will have to pay for the Notes in GBP. Principal and interest payments of the Notes are payable by us in GBP. An investment in the Notes which are denominated in, and all payments in respect of which are to be made in, a currency other than the currency of the country in which the purchaser is resident or the currency in which the purchaser conducts its business or activities (the home currency), entails significant risks not associated with a similar investment in a security denominated in the home currency. These include the possibility of:

significant changes in rates of exchange between the home currency and GBP, and

the imposition or modification of foreign exchange controls with respect to GBP.

We have no control over a number of factors affecting this type of Note, including economic, financial and political events that are important in determining the existence, magnitude and longevity of these risks and their results. In recent years, rates of exchange for certain currencies, including the GBP, have been highly volatile and this volatility may be expected to continue in the future. Fluctuations in any particular exchange rate that have occurred in the past are not necessarily indicative of fluctuations in the rate that may occur during the term of the Notes. Depreciation of GBP against the home currency could result in a decrease in the effective yield of the Notes below the coupon rate, and in certain circumstances, could result in a loss to you on a home currency basis.

Under the terms of the indenture under which the Notes are to be issued, if GBP ceases to exist when payments on the Notes are due under any circumstances, AT&T may supplement the indenture to allow for payment in U.S. dollars.

The Notes will be governed by New York law. Under New York law, a New York state court rendering a judgment on the Notes would be required to render the judgment in GBP. However, the judgment would be converted into U.S. dollars at the exchange rate prevailing on the date of entry of the judgment. Consequently, in a lawsuit for payment on the Notes, investors would bear currency exchange risk until a New York state court judgment is entered, which could be a long time.

In courts outside of New York, investors may not be able to obtain a judgment in a currency other than U.S. dollars. For example, a judgment for money in an action based on the Notes in many other U.S. federal or state courts ordinarily would be enforced in the United States only in U.S. dollars. The date used to determine the rate of conversion of GBP into U.S. dollars will depend upon various factors, including which court renders the judgment.

This description of foreign currency risks does not describe all the risks of an investment in securities denominated in a currency other than the home currency. You should consult your own financial and legal advisors as to the risks involved in an investment in the Notes.

On September 6, 2018, the GBP/U.S.\$ rate of exchange was £1/U.S.\$1.296.

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DESCRIPTION OF THE NOTES

The following description of the general terms of the Notes should be read in conjunction with the statements under Description of Debt Securities We May Offer in the accompanying prospectus. If this summary differs in any way from the Summary Description of the Securities We May Issue in the accompanying prospectus, you should rely on this summary.

General

The Notes will be issued under our indenture, dated as of May 15, 2013, with The Bank of New York Mellon Trust Company, N.A., acting as trustee, as described under Description of Debt Securities We May Offer in the accompanying prospectus. The Notes will be our unsecured and unsubordinated obligations and will rank *pari passu* with all other indebtedness issued under our indenture. The Notes will constitute a single series under the indenture. Investors will have to pay for the Notes in GBP. We will issue the Notes in fully registered form only and in minimum denominations of £100,000 and integral multiples of £1,000 in excess thereof.

We may issue definitive Notes in the limited circumstances set forth in The Clearing Systems Certificated Notes below. If we issue definitive Notes, principal of and interest on our Notes will be payable in the manner described below, the transfer of our Notes will be registrable, and our Notes will be exchangeable for Notes bearing identical terms and provisions, at the office of The Bank of New York Mellon, London Branch, the paying agent and registrar for our Notes pursuant to a paying agent agreement to be entered into in connection with the offering of the Notes, currently located at The Bank of New York Mellon, London Branch, One Canada Square, London E14 5AL. However, payment of interest, other than interest at maturity, or upon redemption, may be made by check mailed to the address of the person entitled to the interest as it appears on the security register at the close of business on the regular record date corresponding to the relevant interest payment date. Notwithstanding this, (1) the depository, as holder of our Notes, or (2) a holder of more than £5 million in aggregate principal amount of Notes in definitive form can require the paying agent to make payments of interest, other than interest due at maturity, or upon redemption, by wire transfer of immediately available funds into an account maintained by the holder in the United States, by sending appropriate wire transfer instructions as long as the paying agent receives the instructions not less than ten days prior to the applicable interest payment date. Under the terms of the indenture, if the GBP ceases to exist when payments on the Notes are due under any circumstances, AT&T may supplement the indenture to allow for payment in U.S. dollars. The principal and interest payable in U.S. dollars on a Note at maturity, or upon redemption, will be paid by wire transfer of immediately available funds against presentation of a Note at the office of the paying agent.

The Notes

For purposes of the Notes, a business day means a business day in the City of New York or the City of London.

The Notes offered by this prospectus supplement will initially be limited to £750,000,000 aggregate principal amount and will bear interest at the rate of 2.900% per annum. We will pay interest on our Notes annually in arrears on each December 4, commencing on December 4, 2018 (short first coupon), to the persons in whose names our Notes are registered at the close of business on the business day preceding the interest payment date. The Notes will mature on December 4, 2026.

Interest on the Notes will be computed on the basis of the actual number of days in the period for which interest is being calculated and the actual number of days from and including the last date on which interest was paid on the Notes (or September 11, 2018, if no interest has been paid on the Notes), to but excluding the next scheduled interest payment date. This payment convention is referred to as ACTUAL/ACTUAL (ICMA) as defined in the rulebook of

the International Capital Market Association.

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At any time prior to September 4, 2026, the Notes may be redeemed, as a whole or in part, at our option, at any time and from time to time on at least 30 days , but not more than 60 days , prior notice sent to the registered address of each holder of the Notes to be redeemed. The redemption price will be calculated by us and will be equal to the greater of (1) 100% of the principal amount of the Notes to be redeemed or (2) the sum of the present values of the Remaining Scheduled Payments (as defined below) discounted to the redemption date, on an annual basis (ACTUAL/ACTUAL (ICMA)), at a rate equal to the Treasury Rate (as defined below) plus 25 basis points. In the case of each of clauses (1) and (2), accrued but unpaid interest will be payable to the redemption date. At any time on or after September 4, 2026, the Notes may be redeemed, as a whole or in part, at our option, at any time and from time to time on at least 30 days , but not more than 60 days , prior notice sent to the registered address of each holder of the Notes, at a redemption price equal to 100% of the principal amount of the Notes to be redeemed. Accrued but unpaid interest will be payable to the redemption date.

Treasury Rate means the price, expressed as a percentage, at which the gross redemption yield on the Notes, if they were to be purchased at such price on the third dealing day prior to the date fixed for redemption, would be equal to the gross redemption yield on such dealing day of the Reference Bond (as defined below) on the basis of the middle market price of the Reference Bond prevailing at 11:00 a.m. (London time) on such dealing day as determined by the Company or an investment bank appointed by the Company.

Reference Bond means, in relation to any Treasury Rate calculation, a United Kingdom government bond whose maturity is closest to the maturity of the Notes, or if the Company or an investment bank appointed by the Company considers that such similar bond is not in issue, such other United Kingdom government bond as the Company or an investment bank appointed by the Company, with the advice of three brokers of, and/or market makers in, United Kingdom government bonds selected by the Company or an investment bank appointed by the Company, determine to be appropriate for determining such Treasury Rate.

Remaining Scheduled Payments means, with respect to each Note to be redeemed, the remaining scheduled payments of principal and interest on such Note that would be due after the related redemption date but for the redemption. If that redemption date is not an interest payment date with respect to the Notes, the amount of the next succeeding scheduled interest payment on the Notes will be reduced by the amount of interest accrued on the Notes to the redemption date.

On and after the redemption date, interest will cease to accrue on the Notes or any portion of the Notes called for redemption unless we default in the payment of the redemption price and accrued interest. On or before the redemption date, we will deposit with a paying agent or the trustee money sufficient to pay the redemption price of and accrued interest on the Notes to be redeemed on that date.

In the case of any partial redemption, selection of the Notes to be redeemed will be made by the trustee by lot or pursuant to applicable depository procedures.

The Clearing Systems***Global Clearance and Settlement***

The Notes will be issued in the form of one or more global notes (the *Global Notes*) in fully registered form, without coupons, and will be deposited on September 11, 2018 with a common depository for, and in respect of interests held through, Euroclear Bank S.A./N.V., as operator of the Euroclear System (*Euroclear*), and Clearstream Banking S.A.

(Clearstream Luxembourg). Except as described herein, certificates will not be issued in exchange for beneficial interests in the Global Notes.

Except as set forth below, the Global Notes may be transferred, in whole and not in part, only to Euroclear or Clearstream Luxembourg or their respective nominees.

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Beneficial interests in the Global Notes will be represented, and transfers of such beneficial interests will be effected, through accounts of financial institutions acting on behalf of beneficial owners as direct or indirect participants in Euroclear or Clearstream Luxembourg. Those beneficial interests will be in denominations of £100,000 and integral multiples of £1,000 in excess thereof. Investors may hold Notes directly through Euroclear or Clearstream Luxembourg, if they are participants in such systems, or indirectly through organizations that are participants in such systems.

Owners of beneficial interests in the Global Notes will not be entitled to have Notes registered in their names, and will not receive or be entitled to receive physical delivery of Notes in definitive form. Except as provided below, beneficial owners will not be considered the owners or holders of the Notes under the indenture, including for purposes of receiving any reports delivered by us or the trustee pursuant to the indenture. Accordingly, each beneficial owner must rely on the procedures of the clearing systems and, if such person is not a participant of the clearing systems, on the procedures of the participant through which such person owns its interest, to exercise any rights of a holder under the indenture. Under existing industry practices, if we request any action of holders or a beneficial owner desires to give or take any action which a holder is entitled to give or take under the indenture, the clearing systems would authorize their participants holding the relevant beneficial interests to give or take action and the participants would authorize beneficial owners owning through the participants to give or take such action or would otherwise act upon the instructions of beneficial owners. Conveyance of notices and other communications by the clearing systems to their participants, by the participants to indirect participants and by the participants and indirect participants to beneficial owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. The laws of some jurisdictions require that certain purchasers of securities take physical delivery of such securities in certificated form. These limits and laws may impair the ability to transfer beneficial interests in Global Notes.

Persons who are not Euroclear or Clearstream Luxembourg participants may beneficially own Notes held by the common depository for Euroclear and Clearstream Luxembourg only through direct or indirect participants in Euroclear and Clearstream Luxembourg. So long as the common depository for Euroclear and Clearstream Luxembourg is the registered owner of the Global Note, the common depository for all purposes will be considered the sole holder of the Notes represented by the Global Note under the indenture and the Global Notes.

Certificated Notes

If the applicable depository is at any time unwilling or unable to continue as depository for the Global Notes and a successor depository is not appointed by us within 90 days, we will issue the Notes in definitive form in exchange for the Global Notes. We will also issue the Notes in definitive form in exchange for the Global Notes if an event of default has occurred with regard to the Notes represented by the Global Notes and has not been cured or waived. In addition, we may at any time and in our sole discretion determine not to have the Notes represented by the Global Notes and, in that event, will issue the Notes in definitive form in exchange for the Global Notes. In any such instance, an owner of a beneficial interest in the Global Notes will be entitled to physical delivery in definitive form of the Notes represented by the Global Notes equal in principal amount to such beneficial interest and to have such Notes registered in its name. The Notes so issued in definitive form will be issued as registered in minimum denominations of £100,000 and integral multiples of £1,000 in excess thereof, unless otherwise specified by us. Our definitive form of the Notes can be transferred by presentation for registration to the registrar at its New York office and must be duly endorsed by the holder or his attorney duly authorized in writing, or accompanied by a written instrument or instruments of transfer in form satisfactory to us or the trustee duly executed by the holder or his attorney duly authorized in writing. We may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any exchange or registration of transfer of definitive notes.

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Clearing Systems

Euroclear. Euroclear has advised that it was created in 1968 to hold securities for its participants and to clear and settle transactions between Euroclear participants through simultaneous electronic book-entry delivery against payment, eliminating the need for physical movement of certificates and eliminating any risk from lack of simultaneous transfers of securities and cash. Euroclear provides various other services, including securities lending and borrowing and interfaces with domestic markets in several countries. The Euroclear System is owned by Euroclear Clearance System Public Limited Company (ECSplc) and operated through a license agreement by Euroclear Bank S.A./N.V., a bank incorporated under the laws of the Kingdom of Belgium as the Euroclear operator.

The Euroclear operator holds securities and book-entry interests in securities for participating organizations and facilitates the clearance and settlement of securities transactions between Euroclear participants, and between Euroclear participants and participants of certain other securities intermediaries through electronic book-entry changes in accounts of such participants or other securities intermediaries.

The Euroclear operator provides Euroclear participants, among other things, with safekeeping, administration, clearance and settlement, securities lending and borrowing, and related services.

Non-participants of Euroclear may hold and transfer book-entry interests in the securities through accounts with a direct participant of Euroclear or any other securities intermediary that holds a book-entry interest in the securities through one or more securities intermediaries standing between such other securities intermediary and the Euroclear operator.

The Euroclear operator is regulated and examined by the Belgian Banking and Finance Commission and the National Bank of Belgium.

Securities clearance accounts and cash accounts with the Euroclear operator are governed by the Terms and Conditions Governing Use of Euroclear and the related operating procedures of the Euroclear System, and applicable Belgian law, which are collectively referred to as the terms and conditions. The terms and conditions govern transfers of notes and cash within Euroclear, withdrawals of notes and cash from Euroclear, and receipts of payments with respect to notes in Euroclear. All notes in Euroclear are held on a fungible basis without attribution of specific certificates to specific securities clearance accounts. The Euroclear operator acts under the terms and conditions only on behalf of Euroclear participants, and has no record of or relationship with persons holding through Euroclear participants.

Distributions with respect to the Notes held beneficially through Euroclear will be credited to the cash accounts of Euroclear participants in accordance with the terms and conditions, to the extent received by the U.S. depository for Euroclear.

Clearstream Luxembourg. Clearstream Luxembourg advises that it is incorporated under the laws of Luxembourg as a professional depository. Clearstream Luxembourg holds securities for its participating organizations and facilitates the clearance and settlement of securities transactions between Clearstream Luxembourg participants through electronic book-entry changes in accounts of Clearstream Luxembourg participants, thereby eliminating the need for physical movement of certificates. Clearstream Luxembourg provides to Clearstream Luxembourg participants, among other things, services for safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Clearstream Luxembourg interfaces with domestic markets in several countries. As a professional depository, Clearstream Luxembourg is subject to regulation by the Luxembourg Monetary Institute. Clearstream Luxembourg participants are recognized financial institutions around the world, including underwriters,

securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations and may include the underwriters. Indirect access to Clearstream Luxembourg is also available to others, such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Clearstream Luxembourg participant either directly or indirectly.

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Distributions with respect to the Notes held beneficially through Clearstream Luxembourg will be credited to cash accounts of Clearstream Luxembourg participants in accordance with its rules and procedures, to the extent received by the U.S. depository for Clearstream Luxembourg.

Euroclear and Clearstream Luxembourg Arrangements

So long as Euroclear or Clearstream Luxembourg or their nominee or their common depository is the registered holder of the Global Notes, Euroclear, Clearstream Luxembourg or such nominee, as the case may be, will be considered the sole owner or holder of the Notes represented by such Global Notes for all purposes under the indenture and the Notes. Payments of principal, interest and additional amounts, if any, in respect of the Global Notes will be made to Euroclear, Clearstream Luxembourg or such nominee, as the case may be, as registered holder thereof. None of us, the trustee, any underwriter and any affiliate of any of the above or any person by whom any of the above is controlled (as such term is defined in the Securities Act of 1933) will have any responsibility or liability for any records relating to or payments made on account of beneficial ownership interests in the Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Distributions of principal and interest with respect to the Global Notes will be credited in GBP to the extent received by Euroclear or Clearstream Luxembourg from the trustee to the cash accounts of Euroclear or Clearstream Luxembourg customers in accordance with the relevant system's rules and procedures.

Because Euroclear and Clearstream Luxembourg can only act on behalf of participants, who in turn act on behalf of indirect participants, the ability of a person having an interest in the Global Notes to pledge such interest to persons or entities which do not participate in the relevant clearing system, or otherwise take actions in respect of such interest, may be affected by the lack of a physical certificate in respect of such interest.

The holdings of book-entry interests in the Global Notes through Euroclear and Clearstream Luxembourg will be reflected in the book-entry accounts of each such institution. As necessary, the Registrar will adjust the amounts of the Global Notes on the register for the accounts of the common depository to reflect the amounts of Notes held through Euroclear and Clearstream Luxembourg, respectively.

Initial Settlement

Investors holding their Notes through Euroclear or Clearstream Luxembourg accounts will follow the settlement procedures applicable to conventional GBP bonds in registered form. Notes will be credited to the securities custody accounts of Euroclear and Clearstream Luxembourg holders on the settlement date against payment for value on the settlement date.

Secondary Market Trading

Because the purchaser determines the place of delivery, it is important to establish at the time of trading of any Notes where both the purchaser's and seller's accounts are located to ensure that settlement can be made on the desired value date.

Secondary market sales of book-entry interests in the Notes held through Euroclear or Clearstream Luxembourg to purchasers of book-entry interests in the Global Note through Euroclear or Clearstream Luxembourg will be conducted in accordance with the normal rules and operating procedures of Euroclear and Clearstream Luxembourg and will be settled using the procedures applicable to conventional GBP bonds in same-day funds.

You should be aware that investors will only be able to make and receive deliveries, payments and other communications involving the Notes through Euroclear and Clearstream Luxembourg on days when those systems are open for business. Those systems may not be open for business on days when banks, brokers and other institutions are open for business in the United States.

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In addition, because of time-zone differences, there may be problems with completing transactions involving Euroclear and Clearstream Luxembourg on the same business day as in the United States. U.S. investors who wish to transfer their interests in the Notes, or to make or receive a payment or delivery of the Notes, on a particular day, may find that the transactions will not be performed until the next business day in Luxembourg or Brussels, depending on whether Euroclear or Clearstream Luxembourg is used.

Euroclear and Clearstream Luxembourg will credit payments to the cash accounts of Euroclear participants or Clearstream Luxembourg customers in accordance with the relevant system's rules and procedures, to the extent received by its depository. Clearstream Luxembourg or the Euroclear Operator, as the case may be, will take any other action permitted to be taken by a holder under the indenture on behalf of a Euroclear participant or Clearstream Luxembourg customer only in accordance with its relevant rules and procedures.

Euroclear and Clearstream Luxembourg have agreed to the foregoing procedures in order to facilitate transfers of the Notes among participants of Euroclear and Clearstream Luxembourg. However, they are under no obligation to perform or continue to perform those procedures, and they may discontinue those procedures at any time.

Payment of Additional Amounts

We will, subject to the exceptions and limitations set forth below, pay as additional interest on the Notes such additional amounts as are necessary so that the net payment by us or our paying agent of the principal of and interest on the Notes to a person that is a United States Alien, after deduction for any present or future tax, assessment or governmental charge of the United States or a political subdivision or taxing authority thereof or therein, imposed by withholding with respect to the payment, will not be less than the amount that would have been payable in respect of the Notes had no withholding or deduction been required. As used herein, United States Alien means any person who, for United States federal income tax purposes, is a foreign corporation, a non-resident alien individual, a non-resident alien fiduciary of a foreign estate or trust, or a foreign partnership one or more of the members of which is, for United States federal income tax purposes, a foreign corporation, a non-resident alien individual or a non-resident alien fiduciary of a foreign estate or trust.

Our obligation to pay additional amounts shall not apply:

(1) to any tax, assessment or governmental charge that is imposed or withheld solely because the beneficial owner, or a fiduciary, settlor, beneficiary or member of the beneficial owner if the beneficial owner is an estate, trust or partnership, or a person holding a power over an estate or trust administered by a fiduciary holder:

(a) is or was present or engaged in a trade or business in the United States, has or had a permanent establishment in the United States, or has any other present or former connection with the United States or any political subdivision or taxing authority thereof or therein;

(b) is or was a citizen or resident or is or was treated as a resident of the United States;

(c) is or was a foreign or domestic personal holding company, a passive foreign investment company or a controlled foreign corporation with respect to the United States or is or was a corporation that has accumulated earnings to avoid United States federal income tax;

(d) is or was a bank receiving interest described in Section 881(c)(3)(A) of the Internal Revenue Code of 1986, as amended (the Code); or

(e) is or was an actual or constructive owner of 10% or more of the total combined voting power of all classes of stock of AT&T entitled to vote;

(2) to any holder that is not the sole beneficial owner of the Notes, or a portion thereof, or that is a fiduciary or partnership, but only to the extent that the beneficial owner, a beneficiary or settlor with respect

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to the fiduciary, or a member of the partnership would not have been entitled to the payment of an additional amount had such beneficial owner, beneficiary, settlor or member received directly its beneficial or distributive share of the payment;

(3) to any tax, assessment or governmental charge that is imposed or withheld solely because the beneficial owner or any other person failed to comply with certification, identification or information reporting requirements concerning the nationality, residence, identity or connection with the United States of the holder or beneficial owner of the Notes, if compliance is required by statute, by regulation of the United States Treasury Department or by an applicable income tax treaty to which the United States is a party as a precondition to exemption from such tax, assessment or other governmental charge;

(4) to any tax, assessment or governmental charge that is imposed other than by deduction or withholding by AT&T or a paying agent from the payment;

(5) to any tax, assessment or governmental charge that is imposed or withheld solely because of a change in law, regulation, or administrative or judicial interpretation that is announced or becomes effective after the day on which the payment becomes due or is duly provided for, whichever occurs later;

(6) to an estate, inheritance, gift, sales, excise, transfer, wealth or personal property tax or any similar tax, assessment or governmental charge;

(7) to any tax, assessment or other governmental charge any paying agent (which term may include us) must withhold from any payment of principal of or interest on any Note, if such payment can be made without such withholding by any other paying agent; or

(8) in the case of any combination of the above items.

In addition, any amounts to be paid on the Notes will be paid net of any deduction or withholding imposed or required pursuant to Sections 1471 through 1474 of the Code, any current or future regulations or official interpretations thereof, any agreement entered into pursuant to Section 1471(b) of the Code, or any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement entered into in connection with the implementation of such Sections of the Code, and no additional amounts will be required to be paid on account of any such deduction or withholding.

The Notes are subject in all cases to any tax, fiscal or other law or regulation or administrative or judicial interpretation applicable. Except as specifically provided under this heading **Payment of Additional Amounts** and under the heading **Redemption Upon a Tax Event**, we do not have to make any payment with respect to any tax, assessment or governmental charge imposed by any government or a political subdivision or taxing authority.

Any reference in the terms of the Notes to any amounts in respect of the Notes shall be deemed also to refer to any additional amounts which may be payable under this provision.

Redemption Upon a Tax Event

If (a) we become or will become obligated to pay additional amounts with respect to the Notes as described herein under the heading **Payment of Additional Amounts** as a result of any change in, or amendment to, the laws (or any regulations or rulings promulgated thereunder) of the United States (or any political subdivision or taxing authority thereof or therein), or any change in, or amendments to, any official position regarding the application or

interpretation of such laws, regulations or rulings, which change or amendment is announced or becomes effective, on or after September 6, 2018 or (b) a taxing authority of the United States takes an action on or after September 6, 2018, whether or not with respect to us or any of our affiliates, that results in a substantial probability that we will or may be required to pay such additional amounts, then we may, at our option, redeem, as a whole, but not in part, the Notes on any interest payment date on not less than 30 nor more than 60 calendar days prior notice, at a redemption price equal to 100% of their principal amount, together with interest accrued

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thereon to the date fixed for redemption. No redemption pursuant to (b) above may be made unless we shall have received an opinion of independent counsel to the effect that an act taken by a taxing authority of the United States results in a substantial probability that we will or may be required to pay the additional amounts described herein under the heading "Payment of Additional Amounts" and we shall have delivered to the trustee a certificate, signed by a duly authorized officer, stating that based on such opinion we are entitled to redeem the Notes pursuant to their terms.

Further Issues

We may from time to time, without notice to or the consent of the holders of the Notes, create and issue further notes ranking equally and ratably with the Notes in all respects, or in all respects except for the payment of interest accruing prior to the issue date or except for the first payment of interest following the issue date of those further notes. Any further notes will have the same terms as to status, redemption or otherwise as, and will be fungible for United States federal income tax purposes with, the Notes. Any further notes shall be issued pursuant to a resolution of our board of directors, a supplement to the indenture, or under an officers' certificate pursuant to the indenture.

Governing Law

The Notes will be governed by and interpreted in accordance with the laws of the State of New York.

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UNITED STATES TAX CONSIDERATIONS

This section describes the material United States federal income tax consequences of owning the Notes we are offering. It applies to you only if you acquire Notes in the offering and you hold your Notes as capital assets for tax purposes. This section does not apply to you if you are a member of a class of holders subject to special rules, such as:

a dealer in securities or currencies,

a trader in securities that elects to use a mark-to-market method of accounting for your securities holdings,

a bank,

a life insurance company,

a tax-exempt organization,

a person that owns Notes that are a hedge or that are hedged against interest rate or currency risks,

a person that owns Notes as part of a straddle or conversion transaction for tax purposes,

a person that purchases or sells Notes as part of a wash sale for tax purposes, or

a United States holder (as defined below) whose functional currency for tax purposes is not the U.S. dollar. This section is based on the Code, its legislative history, existing and proposed regulations under the Code, published rulings and court decisions, all as currently in effect. These laws are subject to change, possibly on a retroactive basis.

If a partnership holds the Notes, the United States federal income tax treatment of a partner will generally depend on the status of the partner and the tax treatment of the partnership. A partner in a partnership holding the Notes should consult its tax advisor with regard to the United States federal income tax treatment of an investment in the Notes.

Please consult your tax advisor concerning the consequences of owning these Notes, in your particular circumstances, under the Code and the laws of any other taxing jurisdiction.

United States Holders

This subsection describes the United States federal income tax consequences to a United States holder. You are a United States holder if you are the beneficial owner of a Note and you are:

a citizen or resident of the United States,

a domestic corporation,

an estate whose income is subject to United States federal income tax regardless of its source, or

a trust if a United States court can exercise primary supervision over the trust's administration and one or more United States persons are authorized to control all substantial decisions of the trust.

If you are not a United States holder, this subsection does not apply to you and you should refer to United States Alien Holders below.

Payments of Interest. You will be taxed on interest on your Note as ordinary income at the time you receive the interest or when it accrues, depending on your method of accounting for tax purposes.

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The Notes may be issued with a de minimis amount of original issue discount (OID). While a United States holder is generally not required to include de minimis OID in income prior to the sale or maturity of the Notes, under recently enacted legislation, United States holders that maintain certain types of financial statements and that are subject to the accrual method of tax accounting may be required to include de minimis OID on the Notes in income no later than the time upon which they include such amounts in income on their financial statements. United States holders that maintain financial statements should consult their tax advisors regarding the tax consequences to them of this legislation.

Cash Basis Taxpayers. If you are a taxpayer that uses the cash receipts and disbursements method of accounting for tax purposes, you must recognize income equal to the U.S. dollar value of the GBP you receive on each interest payment date for your Notes, based on the exchange rate in effect on the date of receipt, regardless of whether you actually convert such GBP received into U.S. dollars.

Accrual Basis Taxpayers. If you are a taxpayer that uses an accrual method of accounting for tax purposes, you may determine the amount of income that you recognize with respect to the GBP you receive on each interest payment date by using one of two methods. Under the first method, you will determine the amount of income accrued based on the average U.S. dollar-GBP exchange rate in effect during the interest accrual period or, with respect to an accrual period that spans two taxable years, that part of the period within the taxable year.

If you elect the second method, you would determine the amount of income accrued on the basis of the U.S. dollar-GBP exchange rate in effect on the last day of the accrual period, or, in the case of an accrual period that spans two taxable years, the U.S. dollar-GBP exchange rate in effect on the last day of the part of the period within the taxable year. Additionally, under this second method, if you receive a payment of interest within five business days of the last day of your accrual period or taxable year, you may instead translate the GBP interest accrued into U.S. dollars at the U.S. dollar-GBP exchange rate in effect on the day that you actually receive the interest payment. If you elect the second method it will apply to all debt instruments that you hold at the beginning of the first taxable year to which the election applies and to all debt instruments that you subsequently acquire (regardless of the foreign currency in which such debt instruments are denominated). You may not revoke this election without the consent of the Internal Revenue Service.

When you actually receive GBP on an interest payment date, including a payment attributable to accrued but unpaid interest upon the sale or retirement of your Note, you will recognize ordinary income or loss measured by the difference, if any, between the exchange rate that you used to accrue such interest income and the exchange rate in effect on the date of receipt, regardless of whether you actually convert the GBP received into U.S. dollars.

Purchase, Sale and Retirement of the Notes. Your tax basis in your Note will generally be the U.S. dollar cost, as defined below, of your Note. If you purchase your Note with GBP, the U.S. dollar cost of your Note will generally be the U.S. dollar value of the GBP purchase price on the date of purchase.

You will generally recognize gain or loss on the sale or retirement of your Note equal to the difference between the amount you realize on the sale or retirement, excluding any amounts attributable to accrued but unpaid interest (which will be treated as interest payments), and your tax basis in your Note. If you are an accrual basis taxpayer, the amount you realize will generally be the U.S. dollar value of the GBP you receive on the date the Note is disposed of or retired, and if you are a cash basis taxpayer, or an accrual basis taxpayer and you so elect, because we expect that the Notes will be traded on an established securities market (within the meaning of the applicable Treasury regulations), you will determine the amount realized based on the U.S. dollar value of GBP on the settlement date of the sale.

You will recognize capital gain or loss when you sell or retire your Note, except to the extent attributable to accrued but unpaid interest or attributable to changes in exchange rates as described below. Capital gain of a noncorporate United States holder is generally taxed at preferential rates where the property is held for more than

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one year. You must treat any portion of the gain or loss that you recognize on the sale or retirement of a Note as ordinary income or loss to the extent attributable to changes in the U.S. dollar-GBP exchange rate. However, you must take exchange gain or loss into account only to the extent of the total gain or loss you realize on the transaction.

Exchange of Amounts in GBP. When you receive GBP as interest on your Note or on the sale, retirement or other disposition of your Note, your tax basis in such GBP will equal its U.S. dollar value when the interest is received or at the time of such sale, retirement or disposition. If you purchase GBP, you generally will have a tax basis equal to the U.S. dollar value of the GBP on the date of your purchase of such GBP. If you sell or dispose of GBP, including if you use GBP to purchase Notes or you convert GBP payments on the Notes to U.S. dollars, any gain or loss recognized generally will be ordinary income or loss.

Medicare Tax. A United States holder that is an individual or estate, or a trust that does not fall into a special class of trusts that is exempt from such tax, is subject to a 3.8% tax on the lesser of (1) the United States holder's net investment income (or undistributed net investment income in the case of an estate or trust) for the relevant taxable year and (2) the excess of the United States holder's modified adjusted gross income for the taxable year over a certain threshold (which in the case of individuals is between \$125,000 and \$250,000, depending on the individual's circumstances). A United States holder's net investment income generally includes its interest income and its net gains from the disposition of Notes, unless such interest income or net gains are derived in the ordinary course of the conduct of a trade or business (other than a trade or business that consists of certain passive or trading activities). If you are a United States holder that is an individual, estate or trust, you are urged to consult your tax advisors regarding the applicability of the Medicare tax to your income and gains in respect of your investment in the Notes.

Treasury Regulations Requiring Disclosure of Reportable Transactions

Applicable Treasury regulations require United States taxpayers to report certain transactions that give rise to a loss in excess of certain thresholds (a Reportable Transaction). Under these regulations, because the Notes are denominated in GBP, a United States holder (or a United States alien holder that holds the Notes in connection with a U.S. trade or business) that recognizes a loss with respect to the Notes that is characterized as an ordinary loss due to changes in currency exchange rates (under any of the rules discussed above) would be required to report the loss on Internal Revenue Service Form 8886 (Reportable Transaction Statement) if the loss exceeds the thresholds set forth in the regulations. For individuals and trusts, this loss threshold is \$50,000 in any single taxable year. For other types of taxpayers and other types of losses, the thresholds are higher. You should consult with your tax advisor regarding any tax filing and reporting obligations that may apply in connection with acquiring, owning and disposing of Notes.

United States Alien Holders

This subsection describes the United States federal income tax consequences to a United States alien holder. You are a United States alien holder if you are the beneficial owner of a Note and you are, for United States federal income tax purposes:

a nonresident alien individual,

a foreign corporation, or

an estate or trust that in either case is not subject to United States federal income tax on a net income basis on income or gain from a Note.

If you are a United States holder, this subsection does not apply to you.

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Under United States federal income and estate tax law, and subject to the discussions of backup withholding and FATCA below, if you are a United States alien holder of a Note:

we and other United States payors generally will not be required to deduct United States withholding tax from payments of principal and interest, to you if, in the case of payments of interest:

1. you do not actually or constructively own 10% or more of the total combined voting power of all classes of our stock entitled to vote,
2. you are not a controlled foreign corporation that is related to us through stock ownership, and
3. the United States payor does not have actual knowledge or reason to know that you are a United States person and: